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## Town of Waldoboro – ADMINISTRATIVE POLICY

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Effective Date: December 1, 2010

Regulation No: 2010-001

Revision Date: None

Supersedes: None

Approved By: Board of Selectmen

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Subject: **Municipal Purchasing Policy**

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### **SECTION I. PURPOSE**

This policy standardizes the Town of Waldoboro's purchasing procedures both to save money and to increase public confidence in the Town's purchasing decisions. The policy establishes the duties and responsibilities of the Town's Department Heads and its Purchasing Agent and ensures the fair and equitable treatment of all potential and existing providers of goods and services to the Town.

### **SECTION II. DEFINITIONS**

**Approved Vendor** means a vendor a Department Head and the Purchasing Agent, or if appropriate, the Select Board, agree is qualified to provide goods and/or Services to the Town.

**Bid Closing Date** means the date and time set for the opening of sealed bids.

**Bid Most Advantageous to the Town**—means a bid chosen on the basis of price, quality and suitability of merchandise and/or Services, and the reputation of the vendor. The Bid Most Advantageous to the Town may not necessarily be the lowest bid the Town receives.

**Business Day** means a day on which the Town office is open to serve the public.

**Competitive Bidding** means the process of obtaining Informal Quotations or Formal Bids from more than one vendor to improve the purchasing power of the Town. Competitive Bidding requires the Town to specify the merchandise or service it requires and to invite or request vendors to bid on those specifications. Invitations to Bid may permit vendors to offer alternatives to the Town's specifications. The Town's offer of a Competitive Bidding opportunity to vendors does not obligate the Town to accept any of the Formal Bids or Informal Quotations it receives. The Town reserves the right to negotiate with any vendor participating in the Competitive Bidding.

**Cooperative Purchase** means a Purchase made in cooperation with governmental or quasi-governmental agencies such as the State of Maine, or a school, a county, or another

municipality.

**Department Head** means the duly appointed head of one of the following Town Departments: Public Works, Finance, Assessing, Planning and Development, Fire, Emergency Medical Services, Police, Recreation, Town Clerk and other Town departments which may be created from time-to-time.

**Emergency Purchase** means a Purchase occasioned by a situation or circumstance, which prevents a Town Department or the Town Manager from otherwise providing the prevailing level of service to the Town's citizens. The Purchasing Agent shall support every Emergency Purchase he or she approves with a written report specifying the nature of the emergency and the reason the Purchasing Agent could not use Competitive Bidding. The Purchasing Agent shall specify in the report the probable loss to the Town of not following the Competitive Bidding process. If practical, all Emergency Purchases shall require the written approval of at least one member of the Town's Select Board.

**Formal Bid** means a written, sealed bid a vendor or an Approved Vendor submits to the Office of the Town Manager, pursuant to Competitive Bidding. The Town shall publicly advertise for, or otherwise solicit, Formal Bids and the Town Manager or his or her duly appointed designee shall open all submitted Formal Bids in public on the date and at the place, and time set forth in the public advertisement. The Town Manager, or designee, shall announce the amount and terms of each Formal Bid immediately upon opening it.

**Informal Quotation** means a written quotation a Department Head or the Purchasing Agent obtains from a vendor for purposes of budgeting, preliminary planning or specification or for an Operating Purchase. Acceptance of Informal Quotations shall not be construed as a Town commitment to make a Purchase. Informal Quotations may, however, assist Department Heads and the Purchasing Agent to develop a list of bidders for a Competitive Bid. Informal Quotations may also be solicited pursuant to a Competitive Bidding effort.

**Invitation to Bid** means a formal written Town request for prices based upon a package of materials (whether attached or incorporated by reference) the Town furnishes prospective bidders for the purpose of submitting a Formal Bid. All bidders shall be provided identical information, and the Purchasing Agent, Department Heads, and all other Town employees shall not show favor or preference toward, or share information with, any potential bidder to the exclusion of other potential bidders.

**Negotiate or Negotiations** mean any method of purchasing other than Competitive Bidding. The Purchasing Agent may only negotiate for goods or Services when Competitive Bidding is not an option because the Town requires goods or Services, which are not available from more than one vendor or because an Emergency Purchase is necessary.

**Operating Purchase** means a purchase of supplies needed in small quantities for day-to-day operations. Department Heads may make Operating Purchases from any vendor, provided however that vendors domiciled in the Town shall be given preference, all other factors of price and quality being equal.

**Purchase** means buying, renting, leasing, or otherwise acquiring supplies or Services for a price on behalf of the Town. For purposes of this Policy, a Purchase could be an Operating Purchase.

**Purchasing Agent** means the Town Manager, pursuant to Maine Revised Statutes Annotated (MRSA) Section 2636(7).

**Purchasing Requisition Request** means the completed and signed form a Department Head submits to the Purchasing Agent to support a required Purchase. The Purchasing Requisition Request shall fully describe the product or service required, identify the potential vendor or vendors, and state the cost. The Department Head shall sign it and the Purchasing Agent if approving the Purchase, must also sign it. All Purchasing Requisition Requests shall be kept on file with the Town's Finance Department for a period of not less than 6 years.

**Services** means the work of architects, engineers, and consultants, who conduct professional research, development, design, construction and other related services. Services means services for the alteration or repair of real property and incidental services that professionals under contract with the Town and those in their employ may logically or justifiably perform. Such Services include the undertaking of studies, investigations, surveys, evaluations, consultations, planning, programming, inspections, and conceptual designs. Such services include the preparation of plans, specifications, cost estimates, sample recommendations, and operations and maintenance manuals and other related items. Services also means all telephone, gas, water, electrical and power services; laundry and cleaning services; health insurance and other employee benefit arrangements or agreements; general liability, workmen's compensation and all other insurances the Town affords itself or its employees; leases or rentals on all grounds, buildings, offices, space or equipment the Town requires; and the repair or maintenance of equipment or real property owned by, or under the responsibility of, the Town, including all labor furnished to the Town by persons, firms, individuals or corporations not a part of or connected with the Town.

**Specifications** means standards, including quality standards, which Department Heads establish to guide the Purchasing Agent and to measure and evaluate Vendor compliance with the product and/or Service standards established for Formal Bids and Informal Quotations. Technical specifications shall be commensurate with departmental needs. Technical specifications shall be stated as broadly as possible to permit the participation of a diversity of vendors but they must be specific enough to ensure departmental needs are met. Non-technical specifications shall describe, in general terms, the required quality of goods and Services Department Heads may rely on the technical advice of suppliers, salesman and others to develop specifications, provided however that such reliance shall not be construed as a Town commitment to request a bid or to make a Purchase.

**Supplies** means all supplies, materials, and equipment the Town Purchases or intends to purchase.

**Vendor** means a person, company, firm, or other entity which responds to an Invitation to Bid or to a request for an Informal Quotation or to a Town advertisement for goods, materials or Services or which provides such Services or goods or materials to the Town at an

agreed upon price.

**SECTION III. APPLICABILITY**

This Policy shall apply without exception to all Purchases of goods, materials, Services and all other items the Town makes or intends to make.

**SECTION IV. APPROPRIATION**

All Purchases shall require a Town Meeting appropriation and/or Select Board approval, as appropriate. The Town Manager may put a potential Purchase out to Competitive Bidding prior to receiving a Town Meeting appropriation if the Town Manager deems it to be in the best interest of the Town to do so. Such Competitive Bidding shall note that the Town's acceptance of any bid is subject to the Town's Voters approving the required Town Meeting-appropriation.

**SECTION V. PURCHASING AGENT - POWERS AND DUTIES**

The Town Manager shall be the Town's Purchasing Agent. As Purchasing Agent, the Town Manager shall supervise and manage the purchase of all Services, Architect, Engineering and Consultant Services, supplies, materials, and equipment required for the operation of Town Departments. The Purchasing Agent shall be responsible for the sale of the Town's surplus; obsolete, or unused supplies; materials; and equipment. The Select Board shall award bids for Services; Architect, Engineering and Consultant Services; or materials, which exceed \$10,000 in value or which require bonding. The Purchasing Agent may enter into Lease purchases containing non-appropriation language. The Purchasing Agent shall not permit Department Heads to circumvent Purchase Limits and Procedures. The Purchasing Agent and Department Heads shall not create Purchase Requisition Requests with the intent of circumventing Purchase Limits and Procedures. The Purchasing Agent shall, for all Purchases requiring Select Board input and/or approval, ensure Informal Quotations and/or Competitive Bids are obtained well in advance of the Town's requirement of the intended Purchase in order that the Select Board may give full and complete consideration to the intended Purchase.

**SECTION VI. PURCHASE LIMITS AND PROCEDURES**

The following dollar limits shall pertain to all Purchases unless this Policy permits otherwise:

- A. Operating Purchase Limits. The Operating Purchase limit for the Public Works Department Head is \$2,500. The Operating Purchase limit for all other Department Heads is \$1,500.
- B. Procedures Regarding Other Purchase Limits. For purchases exceeding Operating Purchase limits, all Department Heads must submit a Purchase Requisition Request to the Purchasing Agent. All Purchase Requisition Requests shall be subject to Competitive Bidding in accordance with Section VII of this Policy.
- C. Any Purchase or intended Purchase in excess of \$10,000 shall require the approval of the Select Board.

- D. Emergency Purchases. Emergency Purchases whether within the limits of the Department Head and/or the Town Manager shall be exempt from Competitive Bidding, provided however that the Department Head must complete and submit a Purchase Requisition Request to the Purchasing Agent for approval. The Purchase Requisition Request shall confirm that an emergency exists, and it shall state the reason for the Emergency Purchase and explain why Competitive Bidding is not a viable option to make the Emergency Purchase. The Town Manager and the Department Head shall discuss the nature of the emergency, and they shall identify the source of funding for the Emergency Purchase and determine the most advantageous manner in which to make the Emergency Purchase. The Town Manager must report all Emergency Purchases to the Select Board at the Select Board's next scheduled meeting. No Emergency Purchase in excess of \$10,000 shall be permitted without the approval of the Select Board.

**SECTION VII. INFORMAL QUOTATIONS, COOPERATIVE PURCHASES, AND WAIVERS OF COMPETITIVE BIDDING**

- A. Competitive Bidding, whether by means of Informal Quotations or through solicitation of Formal Bids, shall be required for all Purchases unless this Policy or action of the Town Meeting or the Select Board specifically exempts a Purchase from Competitive Bidding.
- B. Department Heads may obtain Informal Quotations for Operational Purchases unless the Purchasing Agent requires the solicitation of Formal Bids. Department Heads must obtain more than one Informal Quotation for each Operating Purchase and must require all vendors or Approved Vendors to submit their Informal Quotations in writing. Department Heads must state in writing their reasons for awarding each Operational Purchase. This provision is exempted when Department Heads are making purchases of daily supplies, such as pens or paper, unless the Purchasing Agent determines that such supplies are best purchased by pooling Departmental requirements and obtaining quantity discounts from suppliers. Competitive Bidding procedures for obtaining Formal Bids are set forth in Section VIII of this Policy.
- C. The Purchasing Agent may make Cooperative Purchases if the Purchasing Agent determines, after entertaining Informal Quotations, that a Cooperative Purchase will obtain more advantageous terms for the Town.
- D. The Purchasing Agent may waive Competitive Bidding for Purchases of less than \$10,000 in emergencies or when Competitive Bidding is not possible due to the nature of the item, time constraints, or other factors, provided that the Purchasing Agent shall file with the Select Board at its next regularly scheduled meeting a full and complete written justification for the Purchase, which must include the reasons for waiving Competitive Bidding.
- E. The Purchasing Agent may waive Competitive Bidding if the Purchasing Agent determines that the Purchase is only available from a sole source supplier and the

purchase is covered in a line item in the current year's budget.

#### **SECTION VIII. COMPETITIVE BIDDING: FORMAL BIDS**

- A. Invitations to Bid: The Purchasing Agent shall prepare all Invitations to Bid using support documentation and specifications from Department Heads and information from other available sources. The Purchasing Agent shall ensure that Invitations to Bid describe the Town's requirements clearly, accurately, and completely, avoiding unnecessarily restrictive specifications that could unduly limit the number of bidders. Every Invitation to Bid shall note that all Purchases are subject to the conditions set forth in Section X of this Policy.
- B. Not less than ten (10) Business Days prior to the Bid Closing Date the Purchasing Agent shall publicize the Invitation to Bid by word of mouth, distribution to prospective bidders, and other appropriate means.
- C. Bidders shall submit clearly marked sealed bids to the Attention of the Town Manager prior to the Bid Closing Date.
- D. The Town shall not accept late bids however, the Town shall consider as timely, bids postmarked no later than one day prior to the Bid Closing Date but delivered on the Bid Closing Date even if the bid opening has occurred. In no case shall the Town accept a bid received the day after the Bid Closing Date.
- E. The Town Manager or the Town Manager's designee shall open bids publicly at the time and place specified in the Invitation to Bid. At the recommendation of the Town Manager, the Select Board may award a contract to the bidder who meets all requirements of the Invitation to Bid and whose bid is determined to be the most advantageous to the Town. The Town may delay the contract award pending verification of the bidder's credentials, the availability of adequate insurance coverages (if required), the consultation of references and the evaluation of the other bids received.
- F. The Purchasing Agent shall clearly state in all Invitations to Bid that the Town reserves the right to reject any and all bids it may receive.

#### **SECTION IX. COMPETITIVE BIDDING: INFORMAL QUOTATIONS**

- A. The Department Head or Purchasing Agent shall solicit Informal Quotations for the purpose of making a Purchase either by written notice sent to vendors, or by email. The written notice shall specify the quantity and quality of the intended Purchase, shall notify the vendor of the availability of bid packages or other details and shall state the date and time when Informal Quotations must be received at the Town Office. All solicitations or advertisements for Informal Quotations shall contain the condition set forth in Section IX of this Policy.
- B. All bids submitted pursuant to an Informal Quotation request must be in writing and must include a full description of the offered products and/or Services, delivered prices,

terms of payment, and cash discounts, if any, and any other information the vendor deems appropriate to make the sale. A copy of all bids shall be sent to the Finance Department, which must hold them for a period of not less than four years.

- C. The Purchasing Agent or Department Head shall make a best effort to solicit more than one Informal Quotation for every intended Operating Purchase and three (s) Informal Quotations for other Purchases of more than \$1,500 but less than \$10,000. If the Town receives fewer than three bids or if, in the opinion of the Department Head or Purchasing Agent, no bids are acceptable, re-bidding may be required.
- D. In all cases, the Purchasing Agent shall award the Purchase to the vendor who has submitted the bid most advantageous to the Town. The successful bidder may or may not be the low bidder.

#### **SECTION X. ADMINISTRATIVE PROCEDURES AND CONDITIONS FOR COMPETITIVE BIDDING**

The Purchasing Agent, with the cooperation of Department Heads, shall administer Competitive Bidding, which shall be subject to the following conditions:

- A. Invitations for Bids, Requests for Proposals, and Requests for Qualifications shall be mailed or advertised at least ten (10) Business Days prior to the time set for public opening of sealed bids.
- B. The town staff shall note on the sealed bids the time and date they arrive at the Town Office. The Town staff member receiving the sealed bids shall print and sign their name next to their notation of the time the bid is received.
- C. The Purchasing Agent shall keep a public record of all bids the Town Office receives. The record shall identify the item or Service put out for bid, the names and contact information of each bidder, and the amount of each bid.
- D. The Purchasing Agent shall notify, in writing, all bidders of the Competitive Bidding results not later than ten days after the Bid Award Date.
- E. The Town Manager shall evaluate tie bids and shall refer all tie bids to the Select Board for a resolution.
- F. The Town shall award contracts to those bidders who have offered terms and conditions, which are the most advantageous to the Town. The successful bidder may or may not be the low bidder.
- G. The Town reserves the right to reject any and all bids, or to accept the bid that is in the Town's best interest. The Town must investigate the qualifications of any low bidder, and reserve the right to waive any and all informalities when awarding a contract.
- H. If the Town awards a contract to other than the low bidder, the Town Manager shall file a full and complete statement of the reasons for determining that the low bid was not the Bid Most Advantageous to the Town, together with all papers relating to the bidding process.

- I. The Town shall retain custody of all bids submitted, pursuant to this Policy.
- J. The Purchasing Agent shall ensure the Departments requiring the same or similar goods and/or Services pool their Purchases through the office of the Purchasing Agent to obtain the best price for the Town.

**SECTION XI. DUTIES OF DEPARTMENT HEADS.**

Department Heads shall:

- A. Determine, subject to the review of the Town Manager, quality standards of commodities and supplies to be purchased.
- B. Reject unacceptable goods or materials vendors or Approved Vendors provide to the Town and submit a written report to the Purchasing Agent citing the reasons for the rejection.
- C. Prepare requisitions and keep corresponding records to facilitate correct accounting charges.
- D. Be responsible for accepting deliveries and approving invoices for their respective department Purchases.
- E. When necessary report to the Purchasing Agent the following:
  - a. Items, the useful lives of which have expired;
  - b. Items, which need to be replaced;
  - c. Items no longer of use to the Departmental operations.
- F. Maintain adequate supplies for the daily operations of their department(s).
- G. Undertake all other duties set forth in this Policy.

Approved this 9<sup>th</sup> day of November, 2010.

Board of Selectmen:  
Waldoboro, Maine

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Rebecca B. Maxwell

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Theodore M. Wooster

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Steve Cartwright